

April 15, 2013

The Honorable Diane Black
Chair, Education and Family Benefits Working
Group
Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Danny Davis
Vice Chair, Education and Family Benefits
Working Group
Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

Dear Representatives Black and Davis:

As advocates for high-quality public charter schools across the country, we are writing express our support for the New Markets Tax Credit (NMTC). As Congress begins to consider various tax revenues and tax expenditures for comprehensive tax reform, we ask you to support public charter schools and their communities across the country that benefit from this important source of capital by establishing its permanent authority at \$5 billion per year.

The NMTC employs a modest federal subsidy to stimulate private sector investment in urban and rural communities underserved by conventional capital markets. The credit supports a variety of businesses, economic development projects, and community facilities - including public charter schools. The credit has enabled affordable facilities financing for public charter schools, created teaching jobs and provided new educational opportunities for our nation's children in economically-distressed communities across the country. According to data through FY 2010 and additional survey responses, approximately 260 NMTC investments totaling over \$1.15 billion have supported academic space for 125 public charter schools in 21 states and the District of Columbia.

Charter school operators often note the barriers to accessing affordable and suitable facilities. Though they are public schools, charter schools often do not have access to school district buildings, nor do they generally have the ability to participate in school facility bond programs operated by local authorities. The lack of a property tax base to guarantee the public charter school's repayment of debt is often exacerbated by lower per-pupil funding compared to traditional public schools. Moreover, the reauthorization risk of a typical five-year term of a public charter school makes long-term financing an overall risky proposition for many conventional lenders.

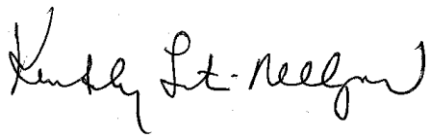
The NMTC enables community development entities (CDEs) to raise private capital to acquire, construct, renovate or lease academic facilities in partnership with charter school operators, helping alleviate the aforementioned financing difficulties. In particular, the seven-year structure of the NMTC is an ideal fit for charter school facilities financing, as it allows charter schools to significantly reduce their debt service in the critical years of early operation.

Demand for public charter schools is at an all-time high, as states across the country continue to establish and strengthen charter school laws. More than two million students attend approximately 6,000 public charter schools, and hundreds of thousands more students are on waiting lists nationwide. Given the unique funding challenges faced by public charter schools, facilities financing

tools – such as the NMTC – must be maintained if they are to successfully grow in quantity and improve in quality.

Making the credit permanent at a \$5 billion authority per year will continue significant support for the public charter school movement. If you have any questions or would like more information on capital resources available to charter schools, please contact Caitlin Kovalkoski of the Charter School Lenders' Coalition at [REDACTED] or [REDACTED] or Gina Mahony of the National Alliance for Public Charter Schools at [REDACTED] or Pam Davidson of the National Alliance for Public Charter Schools at [REDACTED]

Sincerely,



Kimberly Latimer-Nelligan
Chair, Charter School Lenders' Coalition



Nina Rees
President and CEO
National Alliance for Public Charter Schools

Enclosure: *Novogradac Journal of Tax Credits*, "Public Charter Schools Grow Beyond ABC's with NMTCs"

Cc: The Honorable David Camp, Chairman, Committee on Ways and Means
The Honorable Sander Levin, Ranking Member, Committee on Ways and Means
The Honorable Kenny Marchant, Chair, Debt, Equity and Capital Working Group
The Honorable Jim McDermott, Vice Chair, Debt, Equity and Capital Working Group
The Honorable Sam Johnson, Chair, Real Estate Working Group
The Honorable Bill Pascrell, Vice Chair, Real Estate Working Group
The Honorable Jim Gerlach